

Mutual Fund Screener

For the quarter ended Jun-17



ICRA ONLINE LIMITED
A Group ICRA Company

Mutual Fund Screener – What's Inside

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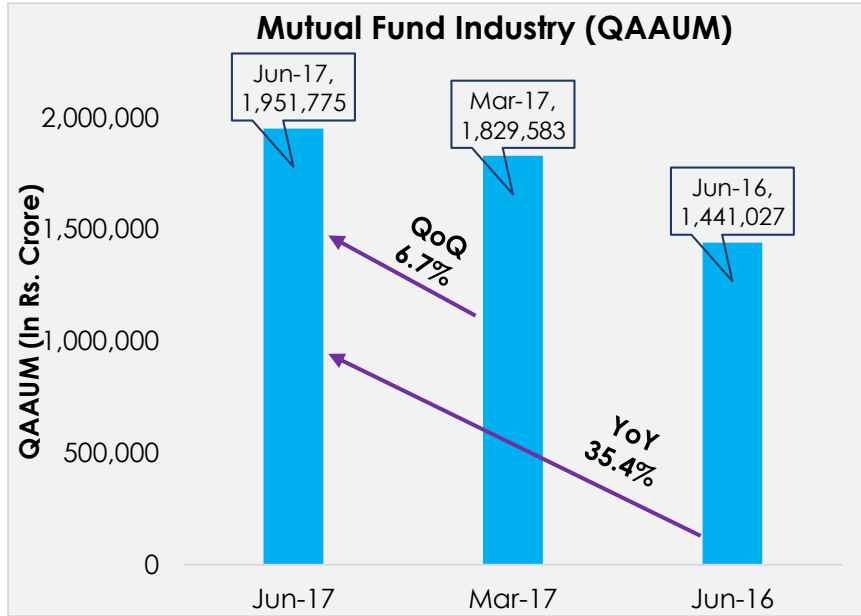
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Section I | **INDUSTRY SIZE**

Industry QAAUM up 7% - Rs. 122,191 crore added in 1st quarter of FY18



Source: AMFI, ICRA Online Research

Growth in QAAUM for the Quarter Ended June-17

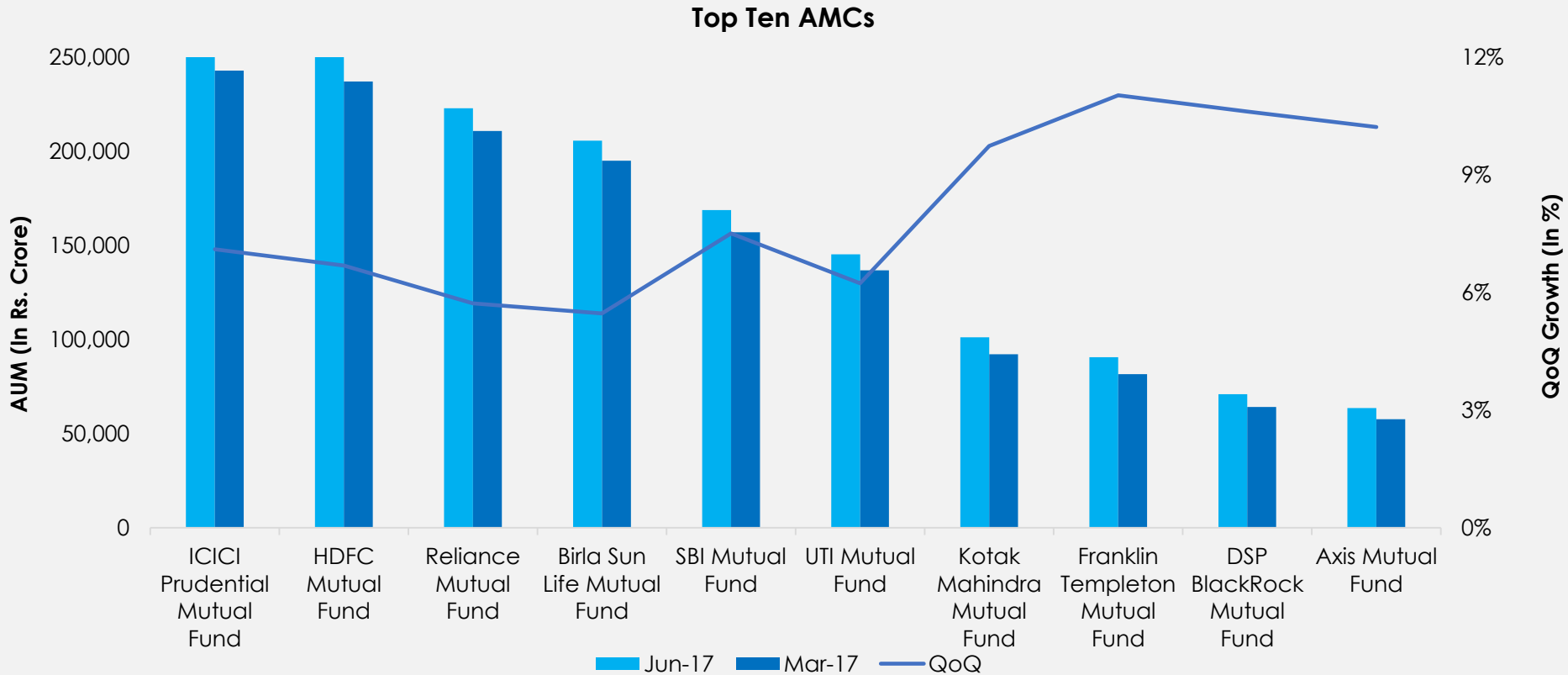
AMCs	Range
Top 5	5% to 8%
Next 10	-1% to 13%
Rest	-70% to 350%

Source: AMFI; ICRA Online Research. AMC list as of Jun-17 QAAUM

In the last decade, annual AUM of the MF industry has grown five times and is expected to touch the magical figure of Rs. 94 lakh crore by 2025¹

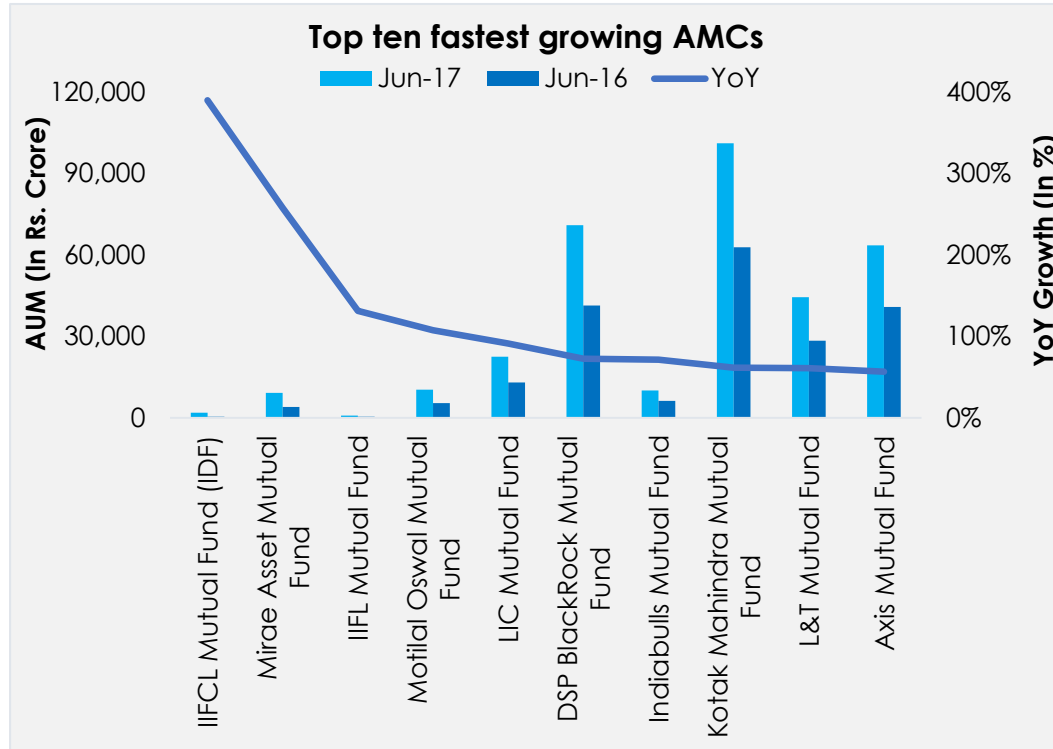
- ✓ Industry Quarterly Average Assets Under Management (QAAUM) grew for the **15th** consecutive quarter in Q1FY18
 - ✓ The 6.7% quarterly growth in industry assets was driven by sustained inflows in equity schemes through Systematic Investment Plans (SIPs) and mark to market gains

Top 10 AMC's accounted for ~81% of QAAUM



Source: AMFI, ICRA Online Research

Smaller AMC's grew at a faster pace



Source: AMFI, ICRA Online Research

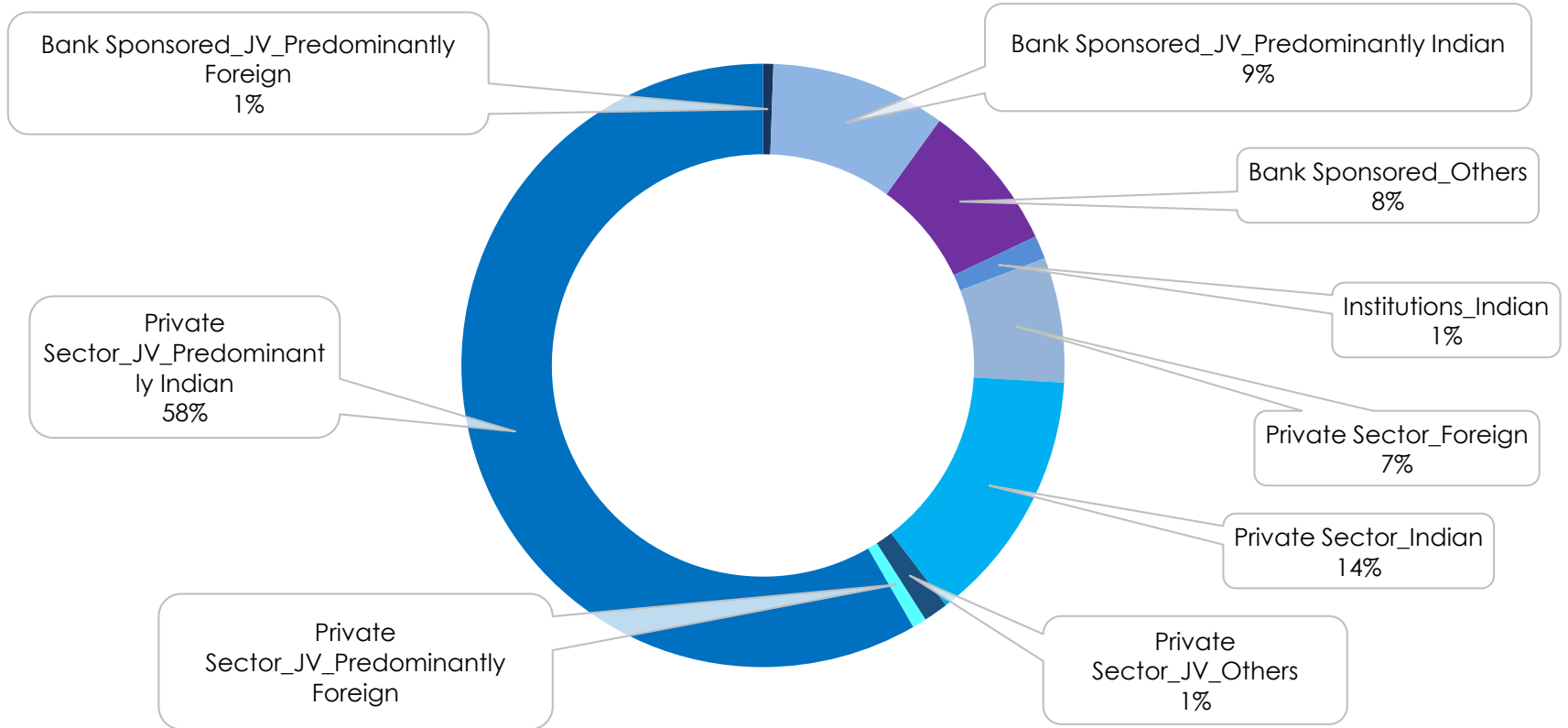
QAAUM of five fastest growing AMC's below Rs. 20,000 crore

Among the larger AMC's (QAAUM > Rs. 35,000 crore), Kotak Mahindra, DSP BlackRock, Axis, and L&T Mutual Fund have shown exceptional growth in assets

Kotak Mahindra AMC crossed the milestone of Rs. 1 lakh crore in the Q1FY18 and became the seventh AMC to join the Rs. 1 lakh crore AUM group

Edelweiss AMC was not included in the list of top 10 fastest growing AMC's as its YoY growth of 258% was fuelled by the acquisition of JP Morgan AMC

Private sector joint ventures (predominantly Indian) manage 58% of QAAUM

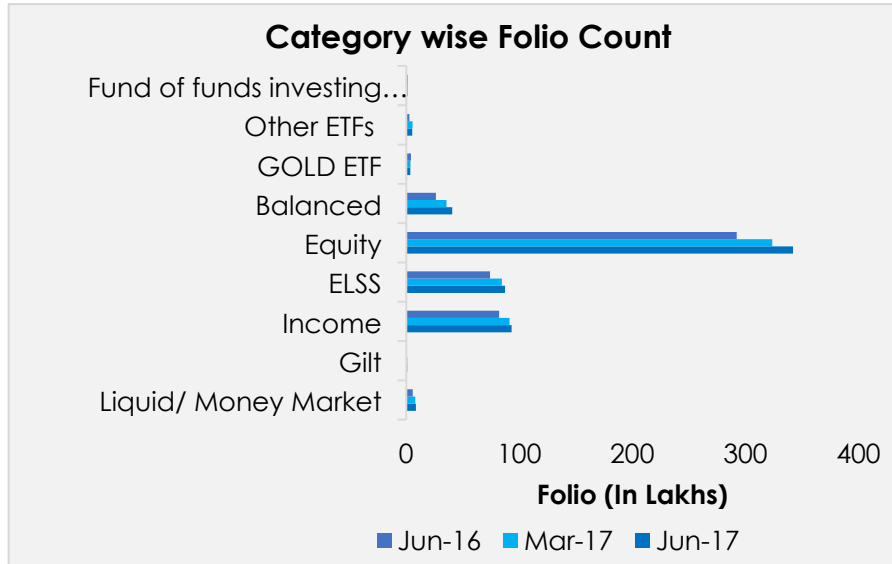


Source: AMFI, ICRA Online Research, data as of Jun-17

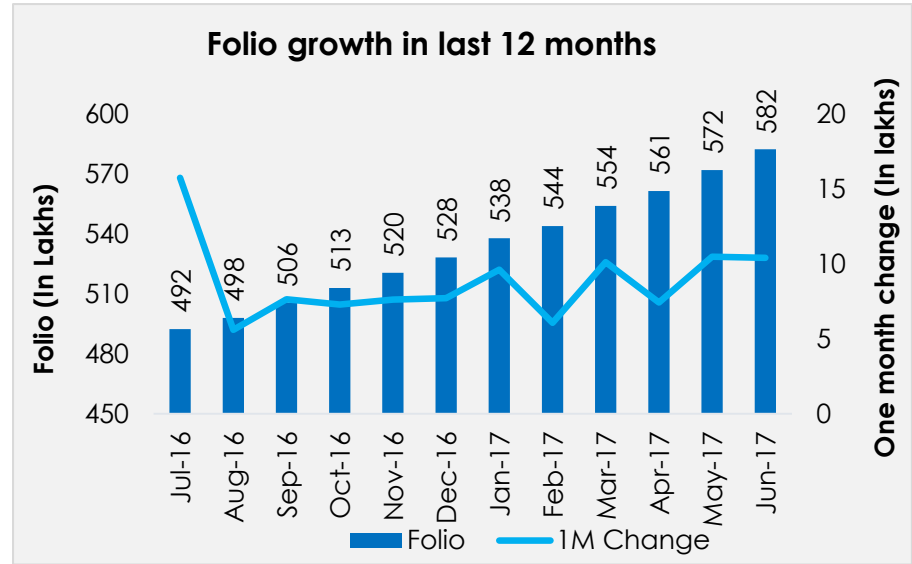
A close-up photograph of a person's hands holding a white piggy bank. The person is wearing a dark suit jacket with orange lapels. The piggy bank is a simple, stylized white pig with small black eyes and a snout. The background is dark and out of focus.

Section II | **INVESTOR TRENDS**

MF industry added 28.3 lakh folios in 1st quarter of FY18



Source: AMFI, ICRA Online Research

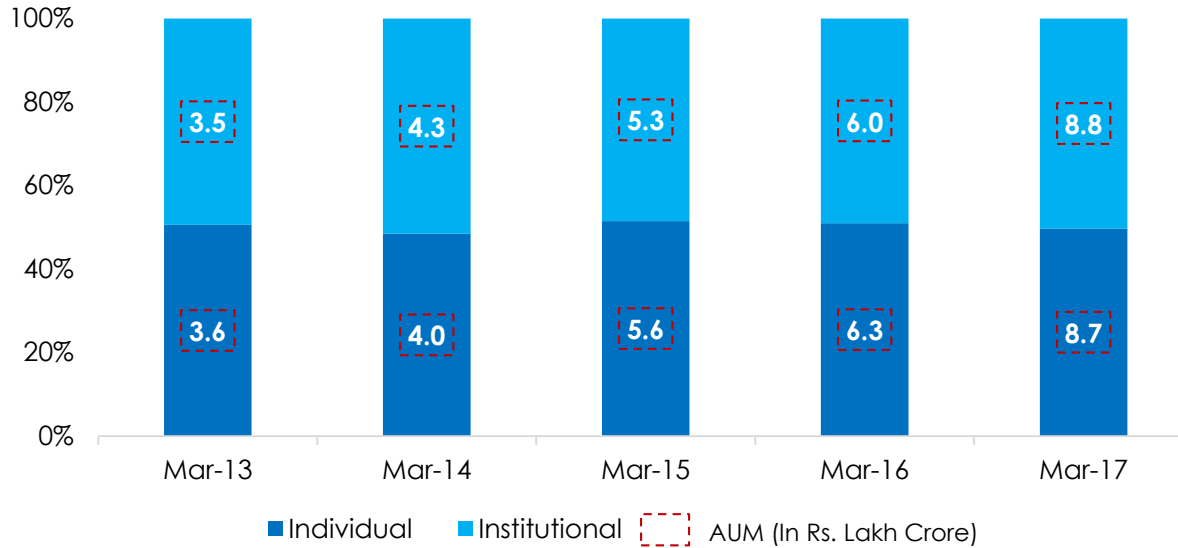


Source: SEBI, ICRA Online Research

- ✓ Total folio count at the end of Jun-17 stood at 5.82 crore, 5.1% higher than the previous quarter, according to data from the Securities and Exchange Board of India (SEBI)
- ✓ In the last 15 months, 69.1 lakh new folios were added to the Equity and ELSS categories, suggesting more investors are opting for equity funds for long-term wealth creation

Industry assets equally distributed between individual and institutional investors; both investor categories showing similar growth trends

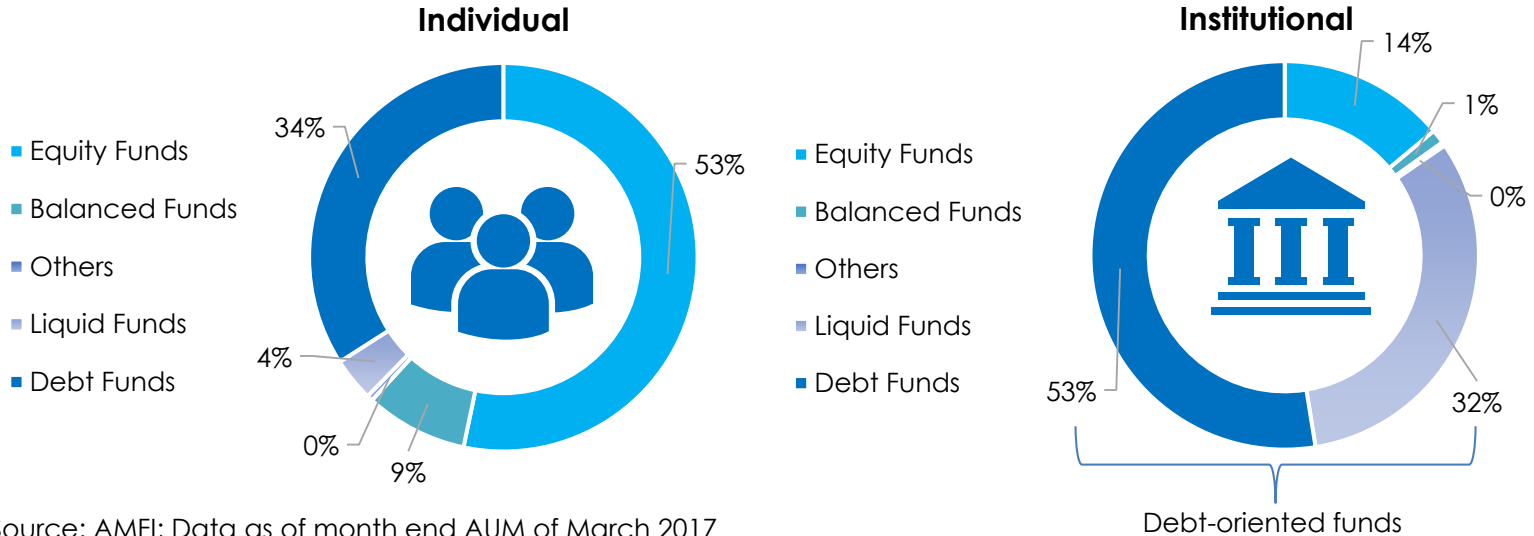
Individual and Institutional investor composition



Source: AMFI; Data pertains to month end AUM
Individual investor includes Retail and HNI
Institutional investor includes Corporates, Banks/FIs and FII

- ✓ In the last five years, total assets attributable to individual and institutional investors grew at a CAGR of 25.2% and 25.9%, respectively

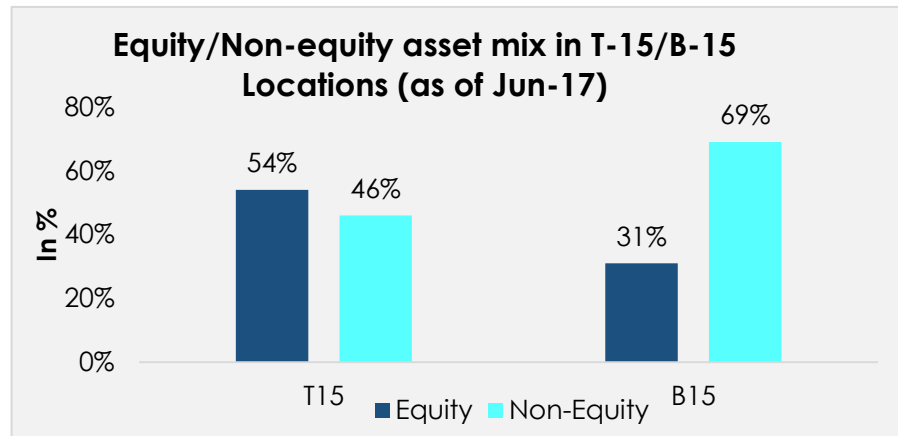
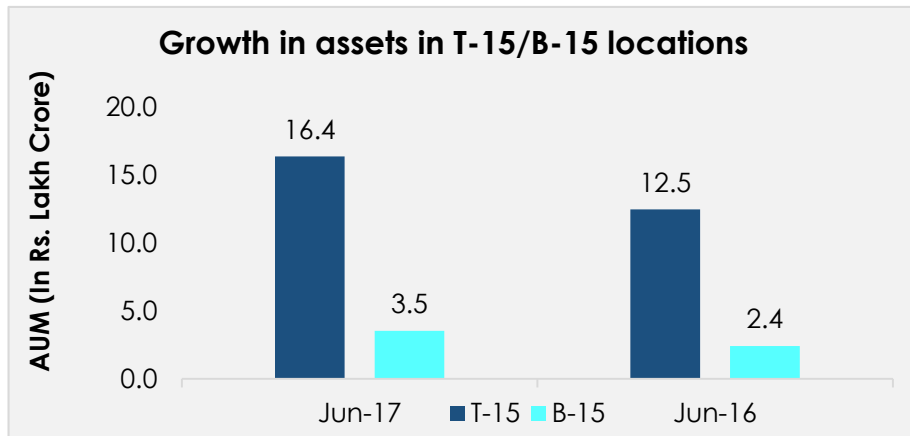
Individual investors continued to favour equity funds while institutional investors preferred fixed income funds



Source: AMFI; Data as of month end AUM of March 2017
 Equity Funds include ELSS and Other ETFs
 Debt Funds include Gilt funds
 Others include other ETFs and Fund of Funds investing overseas

- ✓ As of Mar-17, equity funds formed 53% of the total asset base of individual investors, while debt-oriented funds made up 85% of the portfolio of institutional investors of which liquid schemes formed 32%

B-15 locations generated 18% of industry AUM in Jun-17



AUM garnered by different channels

	Jun-17		Mar-17	
	T-15	B-15	T-15	B-15
Associate Distributor	5%	8%	6%	13%
Non-Associate Distributor	50%	68%	48%	64%
Direct Plan	45%	24%	46%	22%

Source: AMFI, ICRA Online Research

- ✓ Assets in top 15 cities (referred to as T-15) grew 31% YoY, while that in smaller towns (referred to as B-15 locations) expanded 46%
- ✓ Activity in B-15 locations has increased in recent years
- ✓ Improved distribution and regulatory changes to the fee structure have brought more people into the mutual fund fold

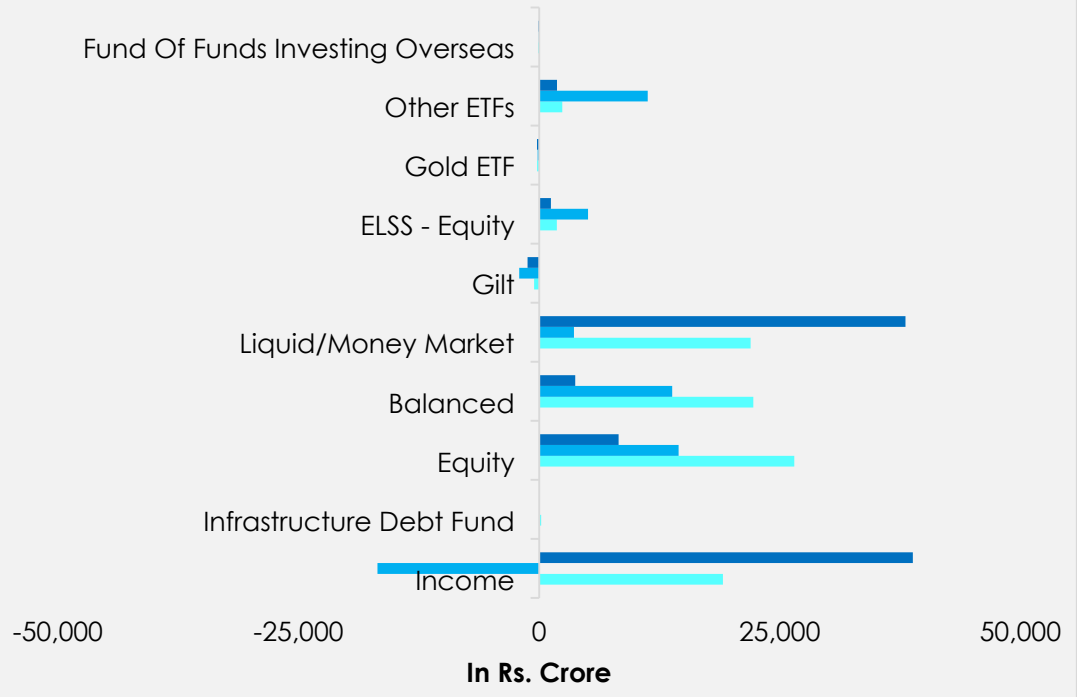
Section III

INFLOW OUTFLOW ANALYSIS

Investors poured in Rs. 0.93 lakh crore in mutual funds in the 1st quarter of FY18

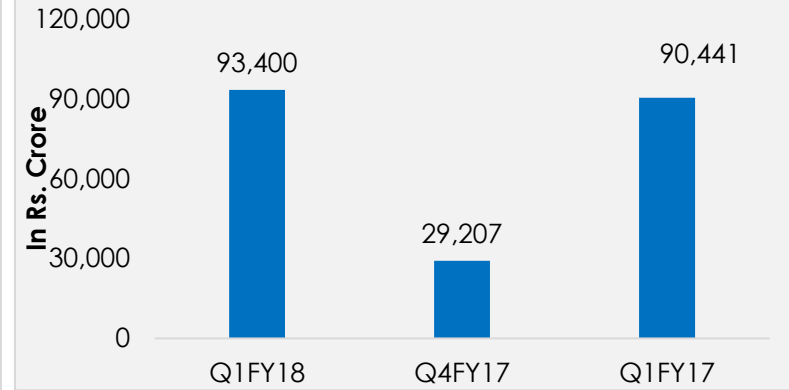
Category-wise net inflow/outflow

■ Q1FY17 ■ Q4FY17 ■ Q1FY18



Source: AMFI, ICRA Online Research

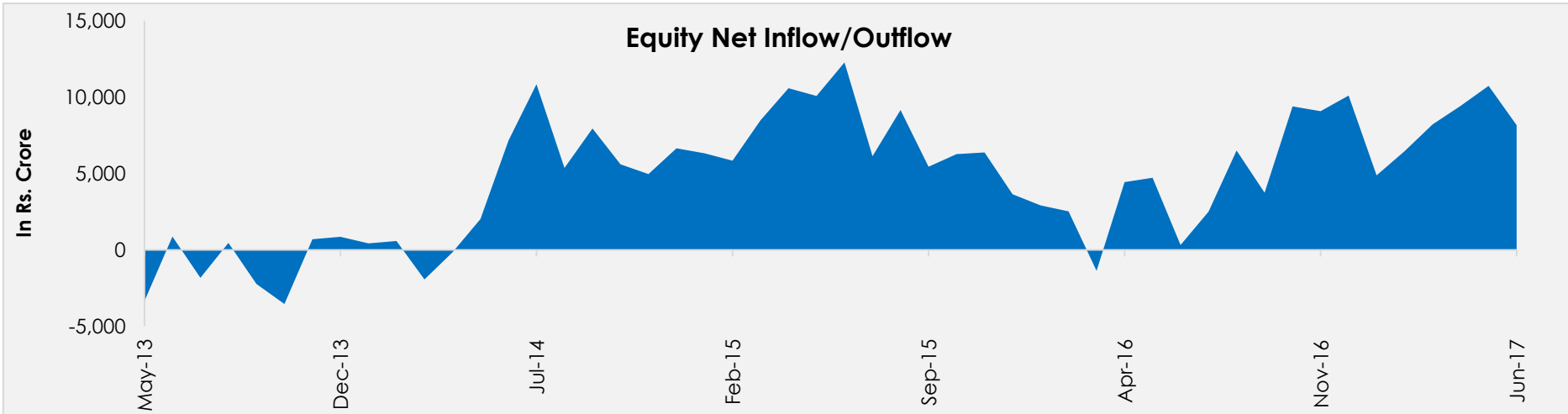
Industry-wide net inflow/outflow



Source: AMFI, ICRA Online Research

Investors preferred equities (including ELSS) and balanced funds over income and liquid funds, which could be on account of low yields on money market and fixed income investments

Robust retail participation led to high infusion in equity funds



Source: AMFI, ICRA Online Research; Equity includes ELSS funds

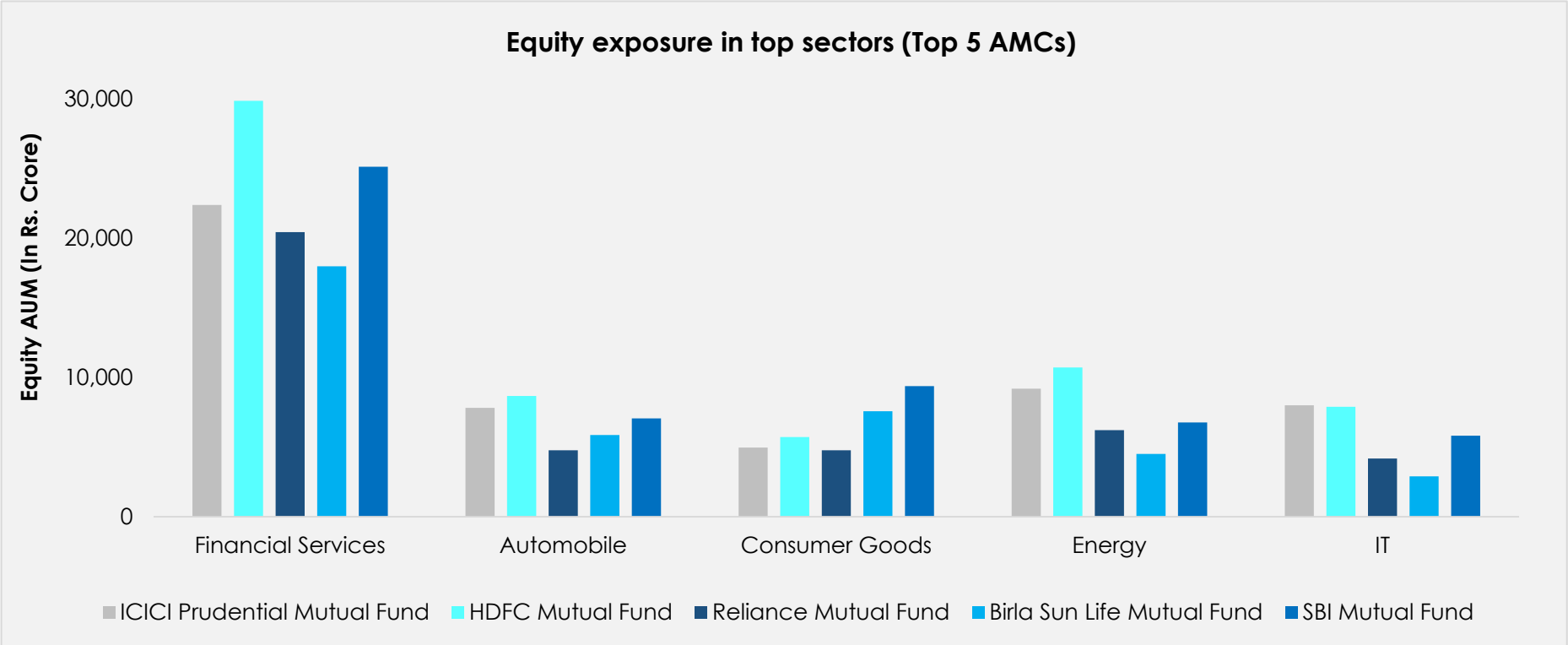
- ✓ Equity funds (including ELSS) saw net inflow of Rs. 28,332 crore in Q1FY18 vis-à-vis Rs. 9,479 crore in Q1FY17
- ✓ In FY17, equity funds (including ELSS) witnessed inflows in every month with net inflows amounting to Rs. 98,699 crore
- ✓ Equity funds are becoming popular long-term investment avenues and people are investing mainly through SIPs

Section IV

SECTOR UPDATE

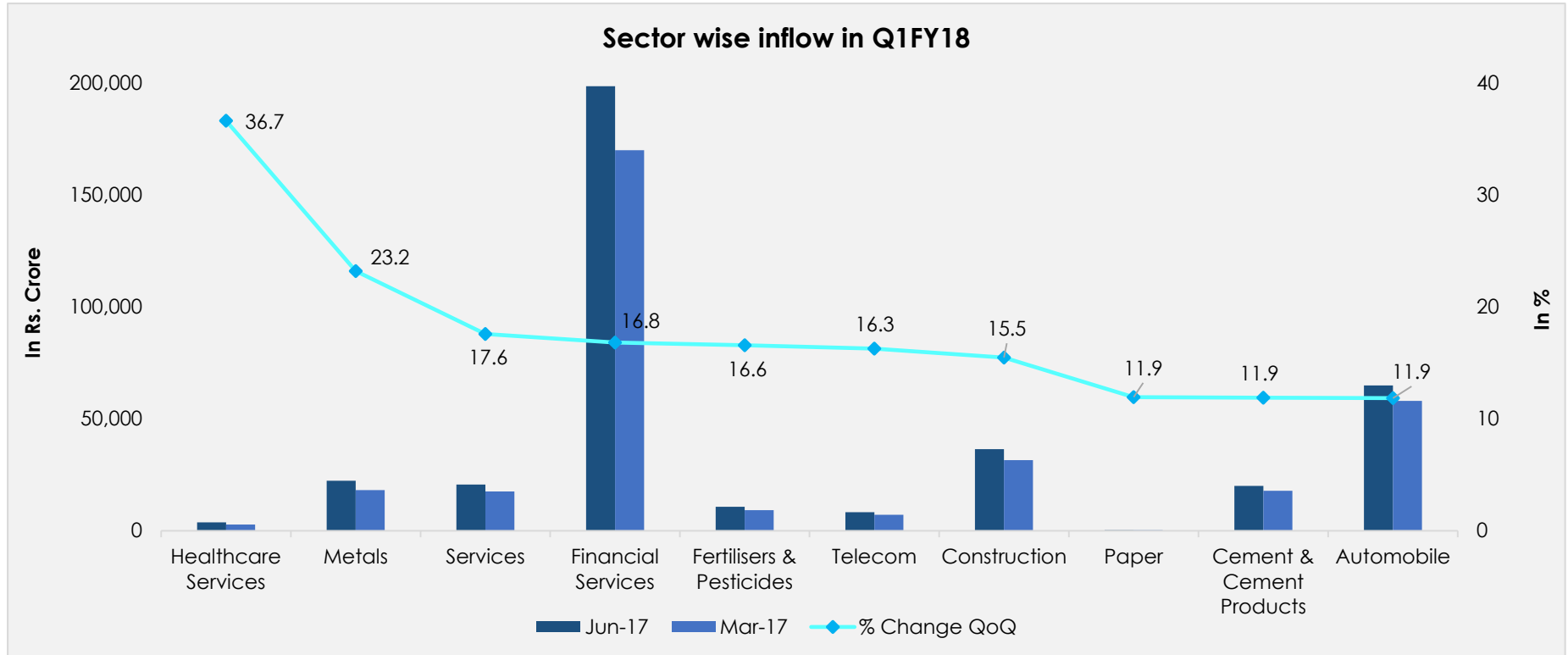


Financial services remained the most preferred sector with more than 30% of total equity AUM



Source: ICRA Online Research; Data as of Jun 2017

In Q1FY18 highest inflow were seen in Healthcare Services (36.7%), Metals (23.2%) and Services (17.6%) sectors



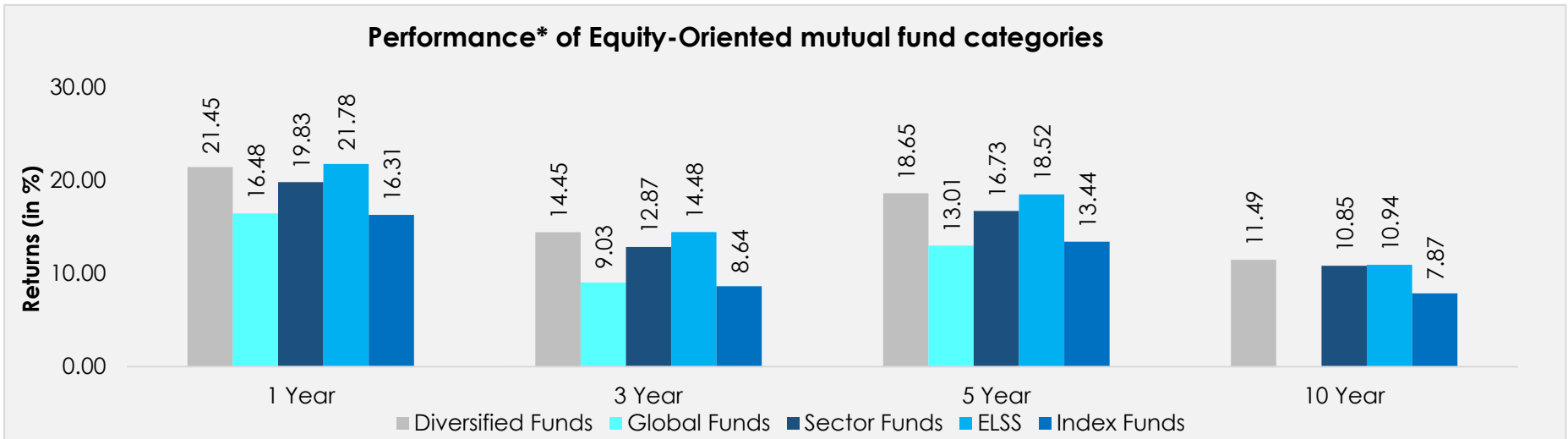
Source: ICRA Online Research, Net-inflow has been calculated using the market value of the holdings; Top 10 sectors on the basis of QoQ change (%)

Section V

CATEGORY PERFORMANCE



Domestic factors positively impacted equity-oriented mutual funds

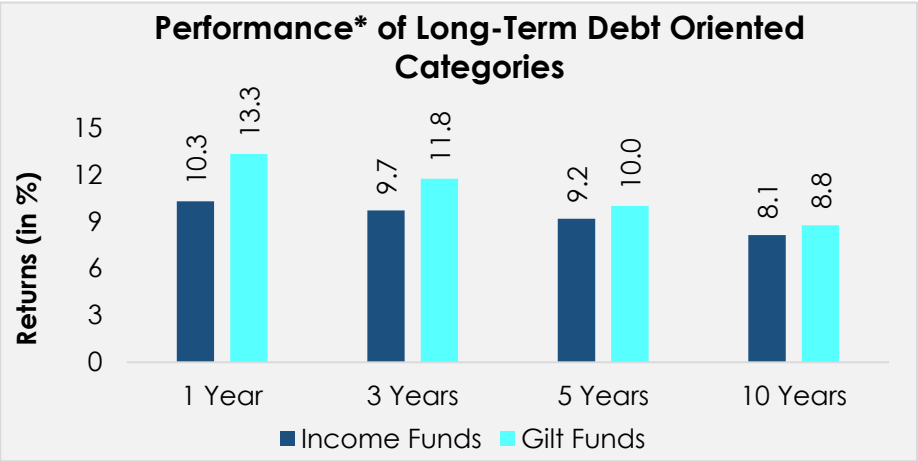
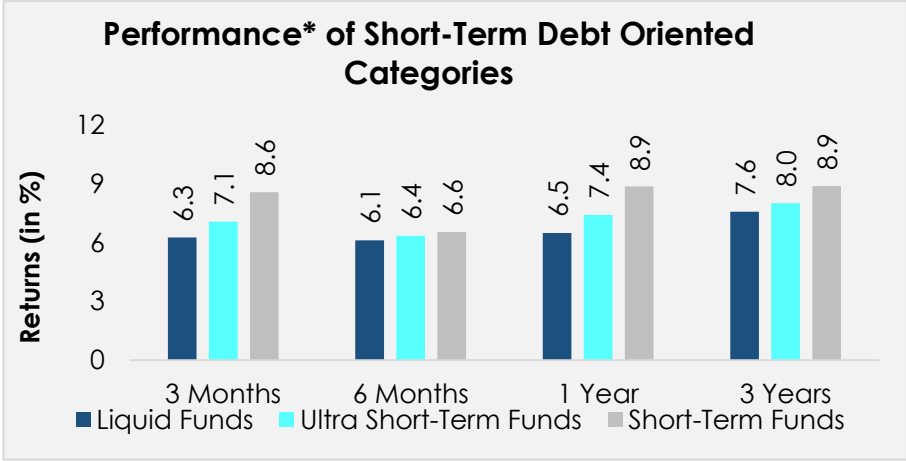


Source: ICRA Online Research; Data as of Jun-17; *Compound Annualized returns

- ✓ Markets performed well on the back of strong economic data
- ✓ Monsoons arrived on time
- ✓ CPI-based inflation declined, beating expectations; RBI lowered inflation projections

BSE Sensex hovered above the 31,000 mark

Long-term debt funds continued to outperform



Source: ICRA Online Research; Data as of Jun-17; *Compound annualised returns for periods ≥1 year; Simple annualised returns for <1 year

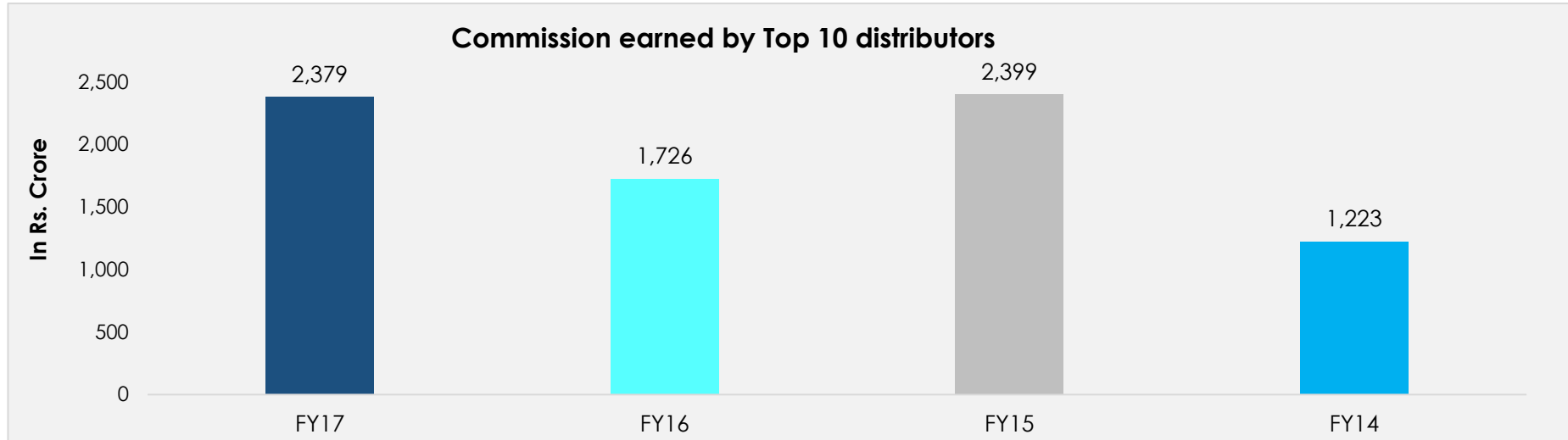
- ✓ Retail inflation slowed for the second consecutive month in May and remained at its lowest level in five years; this reinforced expectations that Monetary Policy Committee (MPC) might consider lowering interest rates in the near term
- ✓ Markets gained after government officials allayed concerns of high inflation following the implementation of the Goods and Services Tax from Jul 1, 2017
- ✓ Geo-political tensions kept investors wary



Section VI

INDUSTRY INSIGHTS

Gross commission almost doubled for top distributors in last 3 years



Source: AMFI, ICRA Online Research

- ✓ Gross commission earned by mutual fund distributors almost doubled from Rs. 2,603 crore in FY14 to Rs. 4,987 crore in FY17, according to AMFI data
- ✓ Top 10 distributors earned Rs. 2,379 crore commission from the AMCs in FY17, representing 47.72% of the total commission paid to distributors
- ✓ In the last three fiscals, average assets under management of top 10 distributors have increased from Rs. 1.43 lakh crore to Rs. 2.74 lakh crore

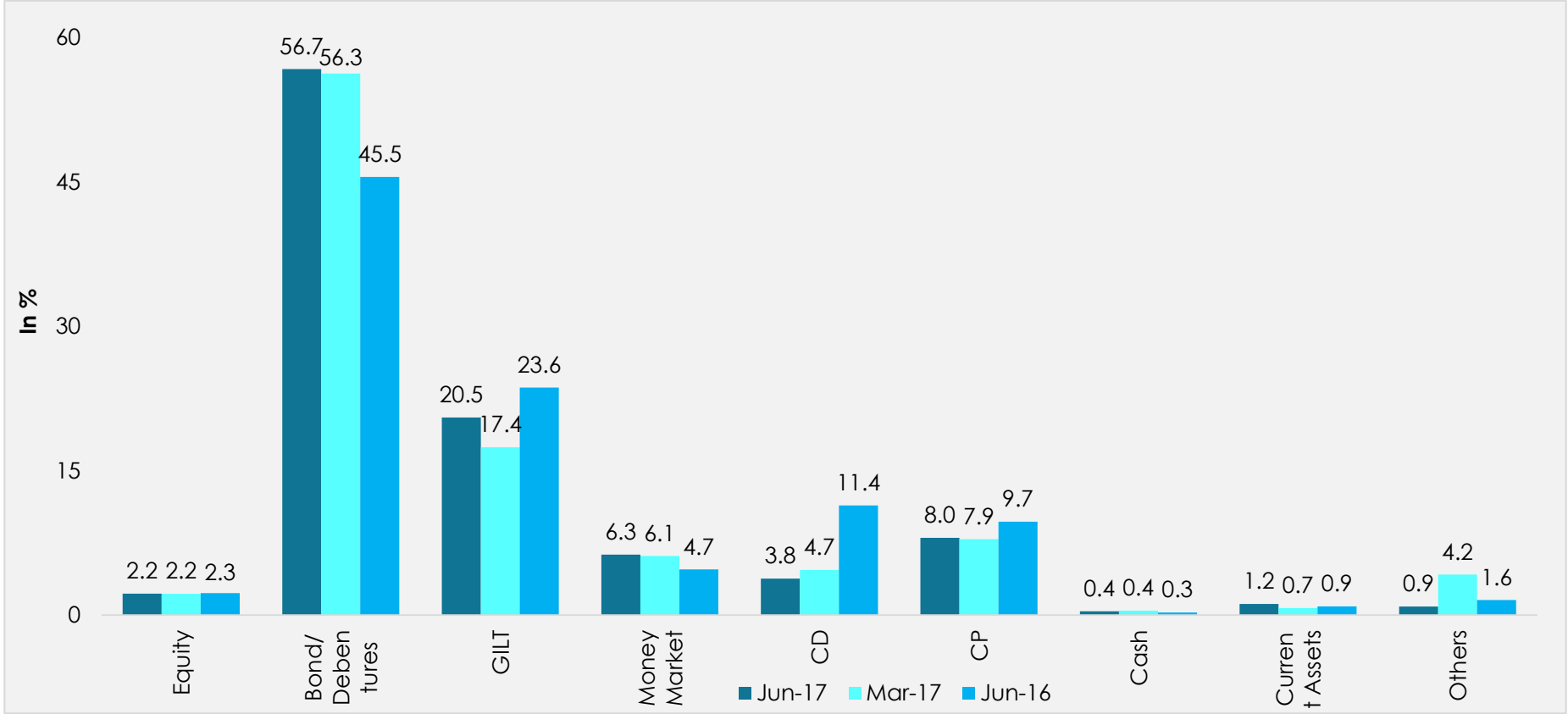
Liquidity analysis of last 12 months

	Jun-17	May-17	Apr-17	Mar-17	Feb-17	Jan-17	Dec-16	Nov-16	Oct-16	Sep-16	Aug-16	Jul-16
Equity	2.4	2.4	2.2	2.4	2.3	2.4	2.6	2.2	2.2	1.8	1.9	1.7
Speciality	0.0	0.1	0.1	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Gilt	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.0	0.1	0.1
Liquid	17.1	20.2	19.7	16.3	19.5	18.7	16.2	16.7	17.4	17.0	18.9	20.1
Balanced	0.3	0.3	0.2	0.2	0.3	0.3	0.3	0.1	0.2	0.2	0.2	0.2
ETF	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5
Fund of Funds	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Dynamic/Asset Allocation	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.2	0.3	0.3	0.3	0.3
Debt	5.5	7.1	7.2	5.6	8.7	8.2	8.2	8.8	9.1	8.3	9.5	9.5

Values in the table denote the category-wise average holdings in cash & cash equivalents. In the table, red denotes highest liquidity (in terms of higher holding of cash & cash equivalents) while dark blue denotes minimum

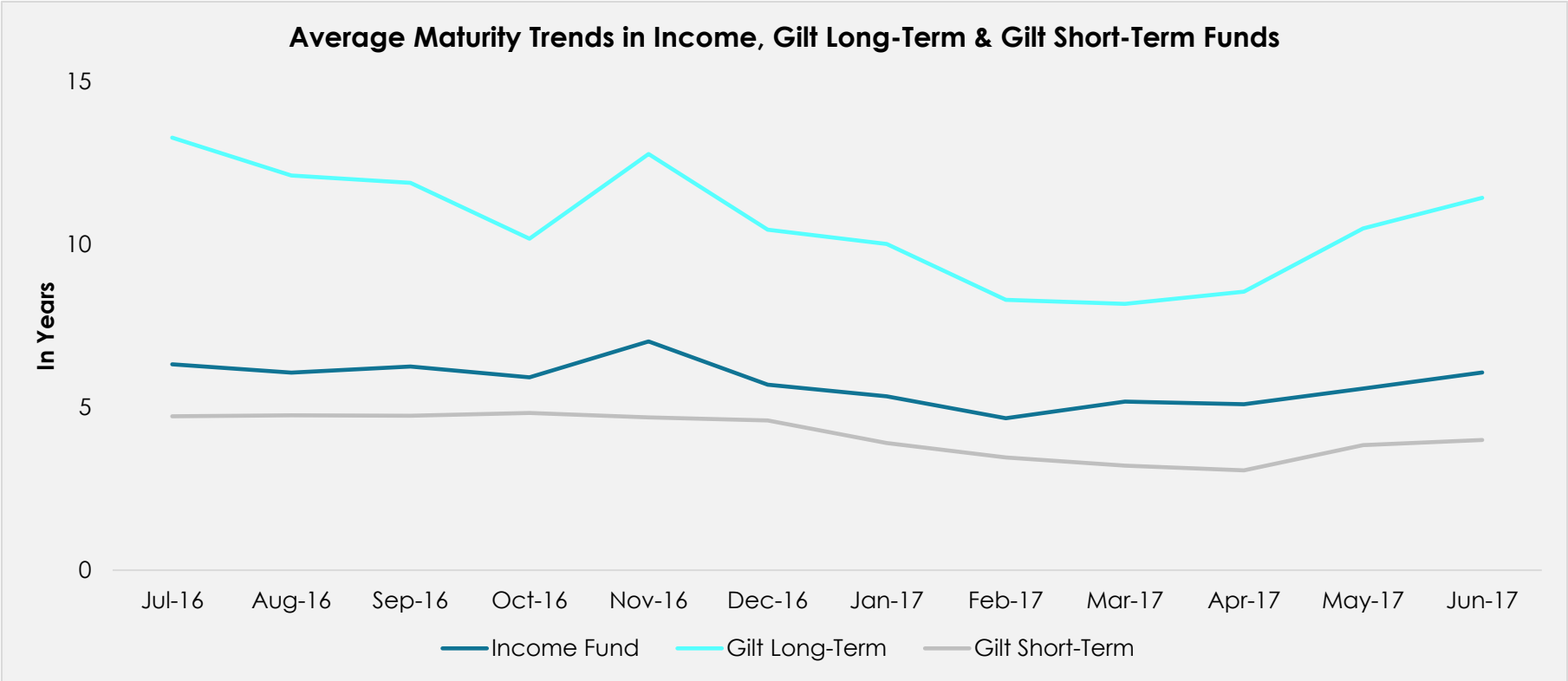
Source: ICRA Online Research

Instrument allocation pattern in debt segment



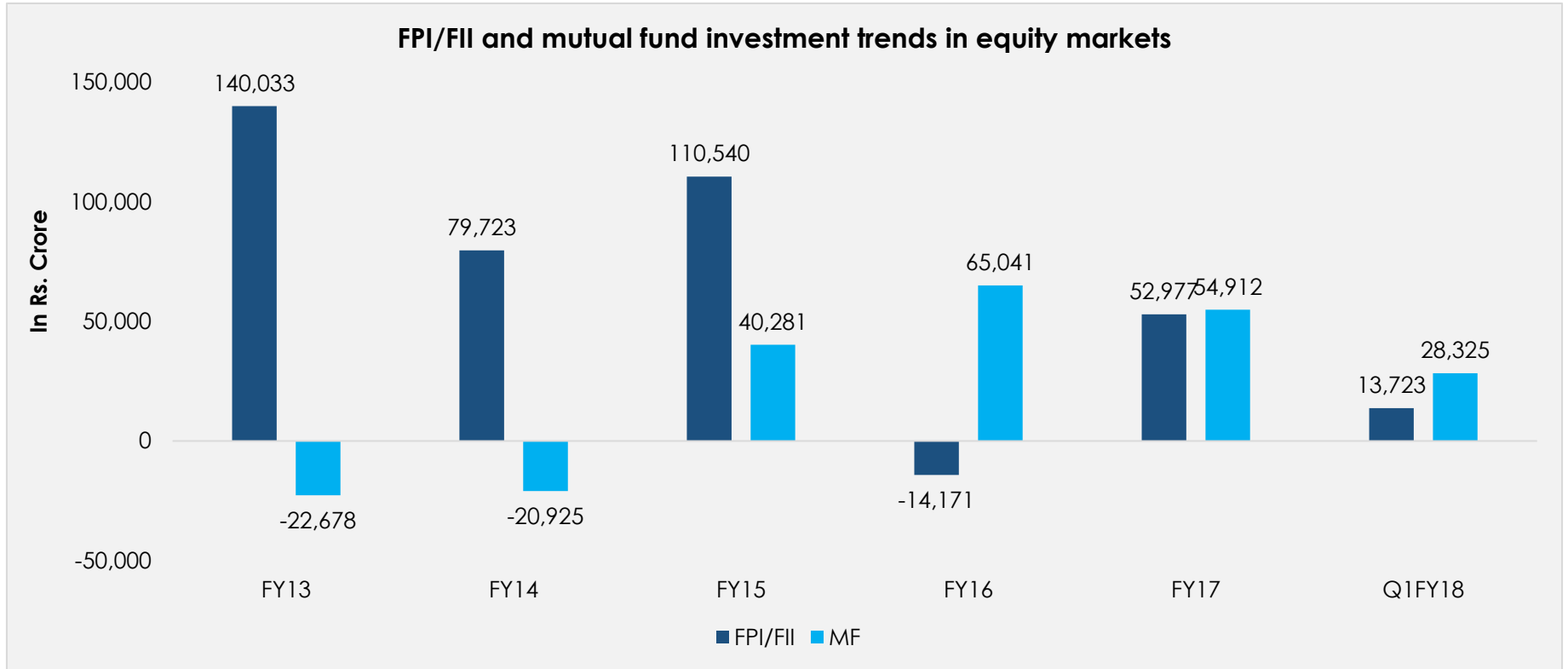
Source: ICRA Online Research

Average maturity on rising trend post Mar-17; low inflation increased rate-cut expectations



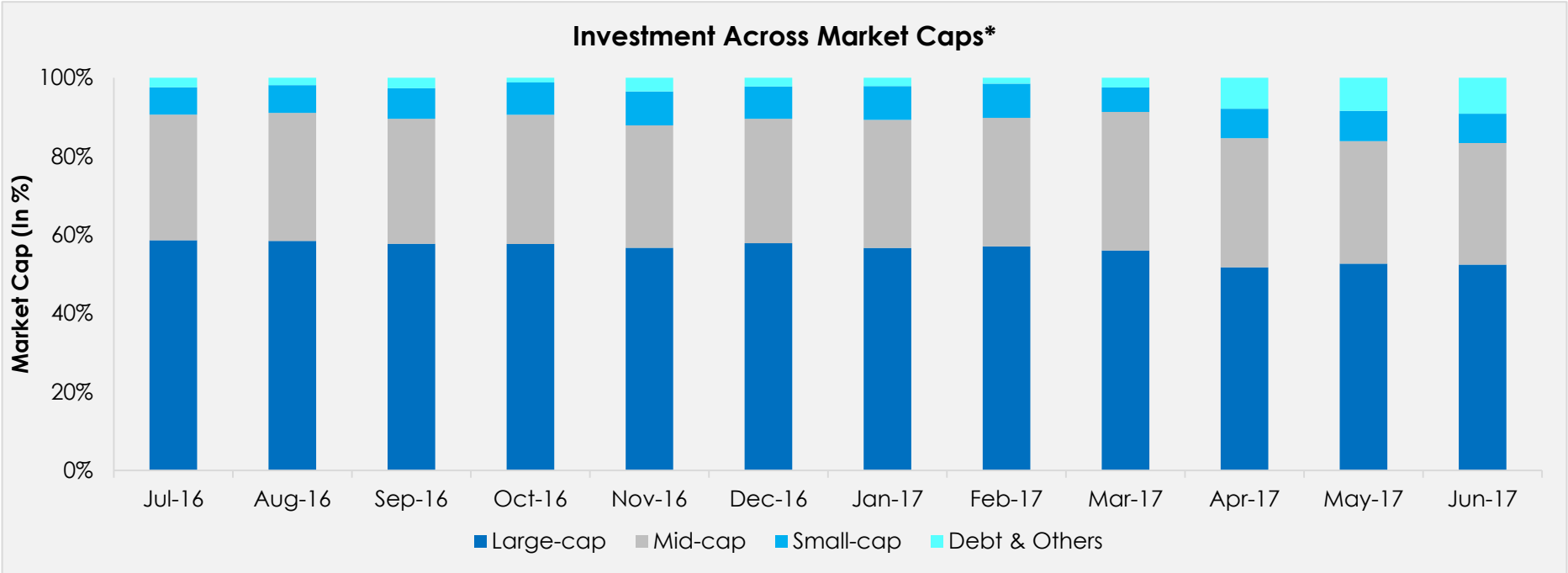
Source: ICRA Online Research

Investments by mutual funds in equity markets exceeded FII inflows in the 1st quarter of FY18



Source: ICRA Online Research

Large-caps commanded the largest share of assets



Source: ICRA Online Research

*Only equity diversified funds were considered for analysis; ICRA Online market cap classification based on Nifty 500



Section VII

REGULATORY UPDATE

Regulator remained pro-active during the quarter



SEBI mandated 30-day notice for withdrawal of ratings

- SEBI asked Credit Rating Agencies (CRAs) to give a 30-day notice before withdrawal of ratings in case of open-ended mutual funds. The decision was taken in consultation with CRAs and representations received from the industry. SEBI said the rule is for open-ended mutual fund schemes as they are continuous in nature with no specified maturity period.



SEBI allowed instant redemption of liquid funds

- SEBI allowed MF houses to provide instant redemption on liquid funds. AMC's can offer instant access facility (through online mode) of up to Rs. 50,000 or 90% of folio value, whichever is lower, by applying lower of previous day Net Asset Value (NAV) or prospective NAV. SEBI added that AMC's would not be allowed to borrow for meeting the redemption requirement.

Source: Media Reports

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